

The Theft

by Larry Fisher

With all the talk of debt modification or debt forgiveness, debt retirement etc, it's probably a good time to review how we got to this place. In order to fix a problem, it's a good practice to know the history in order to map out a solution. Or, as Yogi Berra said, "If you don't know where you're going, you're gonna wind up somewhere else."

In 2010, Mayor Michael Bloomberg appointed David Yassky as Chairman of the Taxi and Limousine Commission, replacing Matt Daus. In 2011, the Roth report quietly warned the Taxi and Limousine Commission that medallion values were over-inflated and unsupportable by earnings. A bubble waiting to be popped. Around the same time, NYU Professor Katrina Wyman authored a study, "The Medallion as Problematic Private Property" which concluded that if the city allowed a competitor to yellow taxis' exclusivity with regard to pickup in the Central Business District and the airports, the city would prevail in a fifth amendment "takings claim" in court. Also, in 2011, the NY State Assembly and Senate passed a law creating a new type of medallion, the so-called Green Medallion, for pick-ups in the Outer Boroughs, outside the Central Business District in Manhattan.

Mayor Bloomberg then lost two lawsuits involving vehicles. First, he wanted every taxi to be a hybrid and concocted a scheme of rewarding hybrid purchasers and punishing those who bought gasoline powered cars. Then, he changed course and proposed the "Taxi of Tomorrow" which involved the awarding of a contract to Nissan to produce this non-hybrid, non-wheelchair accessible vehicle. When a little billionaire loses two lawsuits to a ragtag lobby of taxi owners, the smoke coming out of his ears could be seen for miles. He was quoted as saying that upon leaving office he "would f—ing destroy your industry" to fleet owner Gene Freidman in Madison Square Garden.

In 2013, Bloomberg proposed a large wheelchair accessible medallion auction in order to close a budget gap. He threatened layoffs to police, fire and sanitation if this initiative didn't pass the City Council. 2,000 medallions were to be sold over five years. The first auction of 400 medallions was heavily promoted by the city. 200 corporate medallions were sold and 158 individual medallions ultimately sold and closed at the TLC. These first two auctions raised in excess of \$400 million. Similarly, the city was proposing to sell the

rights to 6,000 green medallions. At the time, the values were as distinct as night and day. The city had a minimum bid on both the corporate and individual medallion auctions so that if a bidder priced his purchase below the minimum, the bid was nullified. The city had negotiated a settlement with the ADA to convert half the yellow taxi fleet into wheelchair accessible vehicles, which became a noose around the neck of the industry. The attorney for the Taxi and Limousine Commission who negotiated that settlement was Meera Joshi, later the successor to Yassky as Chairman of the TLC.

It was around this period, 2010-2013, when the Federal and NY State bank examiners were applying tons of pressure and creating new standards for credit unions to deal with in complying with their guidelines. One time, at the end of 2013, and bursting with pride, I reported to an NCUA examiner how terrific our end of year delinquency was, that it was practically nil, and all he could do was shrug as if to say that it's just a matter of time, pal. Oh, and Bloomberg's girlfriend at the time was Diana Taylor, former head of the New York State Banking Department.

Readers of this monthly newspaper and this column are fully aware of what happened over the last seven years. Medallion values plummeted and with it went \$15 billion worth of wealth. Multiple suicides, bankruptcies, and governmental inaction littered the cityscape. Travis Kalanick, former CEO of Uber, cashed out his stock options in excess of \$2,000,000,000. Other original investors cashed out as well.

In May 2019, the NY Times published a lengthy series on the collapse of the medallion market and the effect it had on the individual taxi owners who were now having difficulty paying their loans and their bills. Blame was assigned mainly to the lenders and to the prior administration at the TLC under Matt Daus. That this had been a financially healthy industry for many years was not mentioned. That thousands of medallion owners had benefitted themselves and their children through medallion ownership in a miniature version of the American Dream was also not mentioned. That the real cause of the devastation to the taxi industry was the city turning a blind eye, and sometimes encouraging, expansion of Uber et al. This was not mentioned either.

This is not to say that the taxi industry had no problems, or served the public perfectly. Of course not. The problems had been well-documented for years

and in some cases, decades. It was also true that virtually every taxi-related initiative had been fought by the taxi industry which became a tiresome act to the politicians.

The question for me was and is, "ARE THESE EVENTS CONNECTED?"

Larry Fisher entered the NYC Transportation industry in 1982 as a yellow taxi driver and has also worked as a Black Car driver.

In 1987 he became a lender for Progressive Credit Union, then took the position of lending supervisor in 2003 for Melrose Credit Union-which he held until he retired in 2016. Currently Mr. Fisher is a consultant for his own firm, LAF Consulting Services Corp. He can be reached at: lafisher292@ gmail.com